BANK OF CANADA
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Senior Loan Officer Survey

on Business-Lending Practices in Canada

Results of the First-Quarter 2016 Survey | Vol. 9.1 | 1 April 2016

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the first quarter of 2016.

- Survey results suggest that overall business-lending conditions continued to tighten slightly, on balance, during the first quarter (**Chart 1**) for both price and non-price conditions (**Chart 2**).[1,2]
- Tightening in lending conditions was mainly for corporate borrowers and was concentrated in the oil and gas sector. The metals and mining sector and Alberta real estate were also mentioned by some respondents as being affected by tightening.
- Both price and non-price conditions tightened for corporate borrowers but remained basically unchanged for small business and commercial borrowers.
- The overall demand for credit was roughly unchanged, with increased demand from corporate borrowers offsetting decreased demand from small business and commercial borrowers.
- Access to capital markets for non-investment-grade corporate borrowers decreased in the first quarter, according to most respondents. A number of respondents also reported decreased access for other investment-grade borrowers.

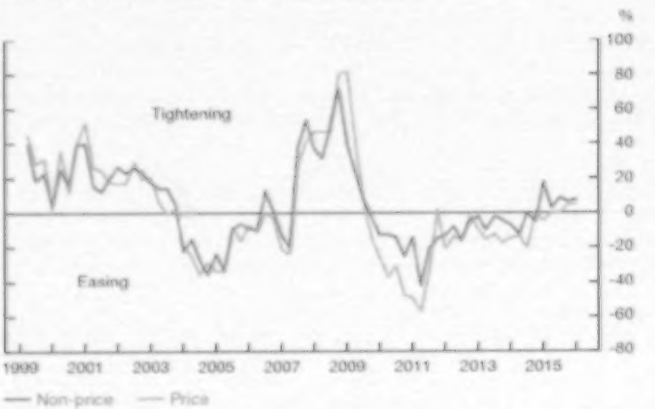
Chart 1: **Senior loan officers reported that overall lending conditions for Canadian non-financial firms continued to tighten...**

Overall business-lending conditions: Balance of opinion[a]

a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: **...with tightening in both price and non-price conditions**

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

[1] The SLOS defines the pricing of credit as spreads over base rates rather than as the level of rates.

[2] Note that the balance of opinion suggests only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The Senior Loan Officer Survey collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The fourth-quarter survey was conducted between 7 and 11 March 2016. Additional information on the survey is available on the Bank of Canada's website. The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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